

March 7, 1980

LB 916

to form a one bank holding company, to issue a charter to that one bank holding company and that is all the bill does. I would move the advancement of the bill.

SPEAKER MARVEL: Senator Newell.

SENATOR NEWELL: Yes, I would like to ask Senator Clark a question. Senator Clark, you talked about a one bank holding company.

SENATOR CLARK: Yes.

SENATOR NEWELL: And the bill basically talks about mergers of banks.

SENATOR CLARK: Yes.

SENATOR NEWELL: Okay, now how can you merge a one bank holding company?

SENATOR CLARK: What they do is take the assets of the present bank and put it into the holding company. The advantage of it is of course, that they can pay off debts with a holding company and you cannot do that unless you issue the money out to the stockholders first, get taxed on it and that is the only reason for a one bank holding company is so that you don't have double taxation.

SENATOR NEWELL: Let me ask you this question. What would prevent under this bill, what would prevent the Omaha National Bank in Omaha...

SENATOR CLARK: That is a national bank.

SENATOR NEWELL: A U.S. national bank for merging.

SENATOR CLARK: No, those are national banks. This has only to do with state banks. At the present time, see, you can do that and the feds will allow one bank holding companies to merge into the other existing bank but you cannot do that with a state bank and our Banking Department has said that they do not have the authority to do this and all they are asking for is the authority that they can perform this phantom bank and merge the other bank. The reason they do it is because you cannot find the stockholders, you cannot find all the stockholders many times in those banks in order to get a one bank holding company and they could do it here. You go ahead and operate the bank and have the one bank holding company if they have the authority to do it but so far they haven't had this authority. They don't think they have.